

ACT 157

H.B. NO. 2749

A Bill for an Act Relating to Taxation.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“§235- Low-income refundable tax credit. (a) Each resident individual taxpayer, who files an individual income tax return for a taxable year, and who is not claimed or is not otherwise eligible to be claimed as a dependent by another taxpayer for federal or Hawaii state individual income tax purposes, may claim a refundable low-income tax credit against the resident taxpayer’s individual income tax liability for the taxable year for which the individual income tax return is being filed; provided that a resident individual who has no income or no income taxable under this chapter and who is not claimed or is not otherwise eligible to be claimed as a

dependent by a taxpayer for federal or Hawaii state individual income tax purposes may claim this credit.

(b) Each resident individual taxpayer may claim a refundable low-income tax credit multiplied by the number of qualified exemptions to which the taxpayer is entitled in accordance with the table below; provided that a husband and wife filing separate tax returns for a taxable year for which a joint return could have been filed by them shall claim only the tax credit to which they would have been entitled had a joint return been filed.

Adjusted gross income	Credit per exemption
Under \$10,000	\$35
\$10,000 under \$15,000	25
\$15,000 under \$20,000	10
Over \$20,000	0

(c) For the purposes of this section, a qualified exemption is defined to include those exemptions permitted under this chapter; provided that no additional exemption may be claimed by a taxpayer who is sixty-five years of age or older; provided that a person for whom exemption is claimed has physically resided in the State for more than nine months during the taxable year; and provided further that multiple exemptions shall not be granted because of deficiencies in vision or hearing, or other disability. For purposes of claiming this credit only, a minor child receiving support from the department of human services of the State, social security survivor's benefits, and the like, may be considered a dependent and a qualified exemption of the parent or guardian.

(d) The tax credit under this section shall not be available to:

- (1) Any person who has been convicted of a felony and who has been committed to prison and has been physically confined for the full taxable year;
- (2) Any person who would otherwise be eligible to be claimed as a dependent but who has been committed to a youth correctional facility and has resided at the facility for the full taxable year; or
- (3) Any misdemeanor who has been committed to jail and has been physically confined for the full taxable year.

(e) The tax credits claimed by a resident taxpayer pursuant to this section shall be deductible from the resident taxpayer's individual income tax liability, if any, for the tax year in which they are properly claimed. If the tax credits claimed by a resident taxpayer exceed the amount of income tax payment due from the resident taxpayer, the excess of credits over payments due shall be refunded to the resident taxpayer; provided that tax credits properly claimed by a resident individual who has no income tax liability shall be paid to the resident individual; and provided further that no refunds or payment on account of the tax credits allowed by this section shall be made for amounts less than \$1.

(f) All claims for tax credits under this section, including any amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which the credits may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit."

SECTION 2. Section 235-51, Hawaii Revised Statutes, is amended to read as follows:

“§235-51 Tax imposed on individuals; rates. (a) There is hereby imposed on the taxable income of (1) every taxpayer who files a joint return under section

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235-93; and (2) every surviving spouse a tax determined in accordance with the following table:

In the case of any taxable year beginning after December 31, [1988:] 1998:

If the taxable income is:	The tax shall be:
[Not over \$3,000	2% of taxable income
Over \$3,000 but not over \$5,000	\$60.00 plus 4% of excess over \$3,000
Over \$5,000 but not over \$7,000	\$140.00 plus 6% of excess over \$5,000
Over \$7,000 but not over \$11,000	\$260.00 plus 7.25% of excess over \$7,000
Over \$11,000 but not over \$21,000	\$550.00 plus 8% of excess over \$11,000
Over \$21,000 but not over \$31,000	\$1,350.00 plus 8.75% of excess over \$21,000
Over \$31,000 but not over \$41,000	\$2,225.00 plus 9.5% of excess over \$31,000
Over \$41,000	\$3,175.00 plus 10% of excess over \$41,000]
<u>Not over \$4,000</u>	<u>1.60% of taxable income</u>
<u>Over \$4,000 but not over \$8,000</u>	<u>\$64.00 plus 3.90% of excess over \$4,000</u>
<u>Over \$8,000 but not over \$16,000</u>	<u>\$220.00 plus 6.80% of excess over \$8,000</u>
<u>Over \$16,000 but not over \$24,000</u>	<u>\$764.00 plus 7.20% of excess over \$16,000</u>
<u>Over \$24,000 but not over \$32,000</u>	<u>\$1,340.00 plus 7.50% of excess over \$24,000</u>
<u>Over \$32,000 but not over \$40,000</u>	<u>\$1,940.00 plus 7.80% of excess over \$32,000</u>
<u>Over \$40,000 but not over \$60,000</u>	<u>\$2,564.00 plus 8.20% of excess over \$40,000</u>
<u>Over \$60,000 but not over \$80,000</u>	<u>\$4,204.00 plus 8.50% of excess over \$60,000</u>
<u>Over \$80,000</u>	<u>\$5,904.00 plus 8.75% of excess over \$80,000</u>

In the case of any taxable year beginning after December 31, 2000:

If the taxable income is:	The tax shall be:
<u>Not over \$4,000</u>	<u>1.50% of taxable income</u>
<u>Over \$4,000 but not over \$8,000</u>	<u>\$60.00 plus 3.70% of excess over \$4,000</u>
<u>Over \$8,000 but not over \$16,000</u>	<u>\$208.00 plus 6.40% of excess over \$8,000</u>
<u>Over \$16,000 but not over \$24,000</u>	<u>\$720.00 plus 6.90% of excess over \$16,000</u>
<u>Over \$24,000 but not over \$32,000</u>	<u>\$1,272.00 plus 7.30% of excess over \$24,000</u>
<u>Over \$32,000 but not over \$40,000</u>	<u>\$1,856.00 plus 7.60% of excess over \$32,000</u>
<u>Over \$40,000 but not over \$60,000</u>	<u>\$2,464.00 plus 7.90% of excess over \$40,000</u>

<u>Over \$60,000 but not over \$80,000</u>	<u>\$4,044.00 plus 8.20% of excess over \$60,000</u>
<u>Over \$80,000</u>	<u>\$5,684.00 plus 8.50% of excess over \$80,000</u>

In the case of any taxable year beginning after December 31, 2001:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$4,000</u>	<u>1.40% of taxable income</u>
<u>Over \$4,000 but not over \$8,000</u>	<u>\$56.00 plus 3.20% of excess over \$4,000</u>
<u>Over \$8,000 but not over \$16,000</u>	<u>\$184.00 plus 5.50% of excess over \$8,000</u>
<u>Over \$16,000 but not over \$24,000</u>	<u>\$624.00 plus 6.40% of excess over \$16,000</u>
<u>Over \$24,000 but not over \$32,000</u>	<u>\$1,136.00 plus 6.80% of excess over \$24,000</u>
<u>Over \$32,000 but not over \$40,000</u>	<u>\$1,680.00 plus 7.20% of excess over \$32,000</u>
<u>Over \$40,000 but not over \$60,000</u>	<u>\$2,256.00 plus 7.60% of excess over \$40,000</u>
<u>Over \$60,000 but not over \$80,000</u>	<u>\$3,776.00 plus 7.90% of excess over \$60,000</u>
<u>Over \$80,000</u>	<u>\$5,356.00 plus 8.25% of excess over \$80,000</u>

(b) There is hereby imposed on the taxable income of every head of a household a tax determined in accordance with the following table:

In the case of any taxable year beginning after December 31, [1988:] 1998:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>[Not over \$1,500</u>	<u>2% of taxable income</u>
<u>Over \$1,500 but not over \$2,500</u>	<u>\$30.00 plus 3% of excess over \$1,500</u>
<u>Over \$2,500 but not over \$3,500</u>	<u>\$60.00 plus 4.5% of excess over \$2,500</u>
<u>Over \$3,500 but not over \$5,500</u>	<u>\$105.00 plus 5.9% of excess over \$3,500</u>
<u>Over \$5,500 but not over \$11,000</u>	<u>\$223.00 plus 7.25% of excess over \$5,500</u>
<u>Over \$11,000 but not over \$21,000</u>	<u>\$621.75 plus 8.6% of excess over \$11,000</u>
<u>Over \$21,000 but not over \$41,000</u>	<u>\$1,481.75 plus 9.6% of excess over \$21,000</u>
<u>Over \$41,000</u>	<u>\$3,401.75 plus 10% of excess over \$41,000]</u>
<u>Not over \$3,000</u>	<u>1.60% of taxable income</u>
<u>Over \$3,000 but not over \$6,000</u>	<u>\$48.00 plus 3.90% of excess over \$3,000</u>
<u>Over \$6,000 but not over \$12,000</u>	<u>\$165.00 plus 6.80% of excess over \$6,000</u>
<u>Over \$12,000 but not over \$18,000</u>	<u>\$573.00 plus 7.20% of excess over \$12,000</u>

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<u>Over \$18,000 but</u> <u>not over \$24,000</u>	<u>\$1,005.00 plus 7.50% of</u> <u>excess over \$18,000</u>
<u>Over \$24,000 but</u> <u>not over \$30,000</u>	<u>\$1,455.00 plus 7.80% of</u> <u>excess over \$24,000</u>
<u>Over \$30,000 but</u> <u>not over \$45,000</u>	<u>\$1,923.00 plus 8.20% of</u> <u>excess over \$30,000</u>
<u>Over \$45,000 but</u> <u>not over \$60,000</u>	<u>\$3,153.00 plus 8.50% of</u> <u>excess over \$45,000</u>
<u>Over \$60,000</u>	<u>\$4,428.00 plus 8.75% of</u> <u>excess over \$60,000</u>

In the case of any taxable year beginning after December 31, 2000:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$3,000</u>	<u>1.50% of taxable income</u>
<u>Over \$3,000 but</u> <u>not over \$6,000</u>	<u>\$45.00 plus 3.70% of</u> <u>excess over \$3,000</u>
<u>Over \$6,000 but</u> <u>not over \$12,000</u>	<u>\$156.00 plus 6.40% of</u> <u>excess over \$6,000</u>
<u>Over \$12,000 but</u> <u>not over \$18,000</u>	<u>\$540.00 plus 6.90% of</u> <u>excess over \$12,000</u>
<u>Over \$18,000 but</u> <u>not over \$24,000</u>	<u>\$954.00 plus 7.30% of</u> <u>excess over \$18,000</u>
<u>Over \$24,000 but</u> <u>not over \$30,000</u>	<u>\$1,392.00 plus 7.60% of</u> <u>excess over \$24,000</u>
<u>Over \$30,000 but</u> <u>not over \$45,000</u>	<u>\$1,848.00 plus 7.90% of</u> <u>excess over \$30,000</u>
<u>Over \$45,000 but</u> <u>not over \$60,000</u>	<u>\$3,033.00 plus 8.20% of</u> <u>excess over \$45,000</u>
<u>Over \$60,000</u>	<u>\$4,263.00 plus 8.50% of</u> <u>excess over \$60,000</u>

In the case of any taxable year beginning after December 31, 2001:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$3,000</u>	<u>1.40% of taxable income</u>
<u>Over \$3,000 but</u> <u>not over \$6,000</u>	<u>\$42.00 plus 3.20% of</u> <u>excess over \$3,000</u>
<u>Over \$6,000 but</u> <u>not over \$12,000</u>	<u>\$138.00 plus 5.50% of</u> <u>excess over \$6,000</u>
<u>Over \$12,000 but</u> <u>not over \$18,000</u>	<u>\$468.00 plus 6.40% of</u> <u>excess over \$12,000</u>
<u>Over \$18,000 but</u> <u>not over \$24,000</u>	<u>\$852.00 plus 6.80% of</u> <u>excess over \$18,000</u>
<u>Over \$24,000 but</u> <u>not over \$30,000</u>	<u>\$1,260.00 plus 7.20% of</u> <u>excess over \$24,000</u>
<u>Over \$30,000 but</u> <u>not over \$45,000</u>	<u>\$1,692.00 plus 7.60% of</u> <u>excess over \$30,000</u>
<u>Over \$45,000 but</u> <u>not over \$60,000</u>	<u>\$2,832.00 plus 7.90% of</u> <u>excess over \$45,000</u>
<u>Over \$60,000</u>	<u>\$4,017.00 plus 8.25% of</u> <u>excess over \$60,000</u>

(c) There is hereby imposed on the taxable income of (1) every unmarried individual (other than a surviving spouse, or the head of a household) and (2) on the taxable income of every married individual who does not make a single return jointly with the individual's spouse under section 235-93 a tax determined in accordance with the following table:

In the case of any taxable year beginning after December 31, [1988:] 1998:

If the taxable income is:	The tax shall be:
[Not over \$1,500	2% of taxable income
Over \$1,500 but not over \$2,500	\$30.00 plus 4% of excess over \$1,500
Over \$2,500 but not over \$3,500	\$70.00 plus 6% of excess over \$2,500
Over \$3,500 but not over \$5,500	\$130.00 plus 7.25% of excess over \$3,500
Over \$5,500 but not over \$10,500	\$275.00 plus 8% of excess over \$5,500
Over \$10,500 but not over \$15,500	\$675.00 plus 8.75% of excess over \$10,500
Over \$15,500 but not over \$20,500	\$1,112.50 plus 9.5% of excess over \$15,500
Over \$20,500	\$1,587.50 plus 10% of excess over \$20,500]
<u>Not over \$2,000</u>	<u>1.60% of taxable income</u>
<u>Over \$2,000 but not over \$4,000</u>	<u>\$32.00 plus 3.90% of excess over \$2,000</u>
<u>Over \$4,000 but not over \$8,000</u>	<u>\$110.00 plus 6.80% of excess over \$4,000</u>
<u>Over \$8,000 but not over \$12,000</u>	<u>\$382.00 plus 7.20% of excess over \$8,000</u>
<u>Over \$12,000 but not over \$16,000</u>	<u>\$670.00 plus 7.50% of excess over \$12,000</u>
<u>Over \$16,000 but not over \$20,000</u>	<u>\$970.00 plus 7.80% of excess over \$16,000</u>
<u>Over \$20,000 but not over \$30,000</u>	<u>\$1,282.00 plus 8.20% of excess over \$20,000</u>
<u>Over \$30,000 but not over \$40,000</u>	<u>\$2,102.00 plus 8.50% of excess over \$30,000</u>
<u>Over \$40,000</u>	<u>\$2,952.00 plus 8.75% of excess over \$40,000</u>

In the case of any taxable year beginning after December 31, 2000:

If the taxable income is:	The tax shall be:
<u>Not over \$2,000</u>	<u>1.50% of taxable income</u>
<u>Over \$2,000 but not over \$4,000</u>	<u>\$30.00 plus 3.70% of excess over \$2,000</u>
<u>Over \$4,000 but not over \$8,000</u>	<u>\$104.00 plus 6.40% of excess over \$4,000</u>
<u>Over \$8,000 but not over \$12,000</u>	<u>\$360.00 plus 6.90% of excess over \$8,000</u>
<u>Over \$12,000 but not over \$16,000</u>	<u>\$636.00 plus 7.30% of excess over \$12,000</u>

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<u>Over \$16,000 but not over \$20,000</u>	<u>\$928.00 plus 7.60% of excess over \$16,000</u>
<u>Over \$20,000 but not over \$30,000</u>	<u>\$1,232.00 plus 7.90% of excess over \$20,000</u>
<u>Over \$30,000 but not over \$40,000</u>	<u>\$2,022.00 plus 8.20% of excess over \$30,000</u>
<u>Over \$40,000</u>	<u>\$2,842.00 plus 8.50% of excess over \$40,000</u>

In the case of any taxable year beginning after December 31, 2001:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>Not over \$2,000</u>	<u>1.40% of taxable income</u>
<u>Over \$2,000 but not over \$4,000</u>	<u>\$28.00 plus 3.20% of excess over \$2,000</u>
<u>Over \$4,000 but not over \$8,000</u>	<u>\$92.00 plus 5.50% of excess over \$4,000</u>
<u>Over \$8,000 but not over \$12,000</u>	<u>\$312.00 plus 6.40% of excess over \$8,000</u>
<u>Over \$12,000 but not over \$16,000</u>	<u>\$568.00 plus 6.80% of excess over \$12,000</u>
<u>Over \$16,000 but not over \$20,000</u>	<u>\$840.00 plus 7.20% of excess over \$16,000</u>
<u>Over \$20,000 but not over \$30,000</u>	<u>\$1,128.00 plus 7.60% of excess over \$20,000</u>
<u>Over \$30,000 but not over \$40,000</u>	<u>\$1,888.00 plus 7.90% of excess over \$30,000</u>
<u>Over \$40,000</u>	<u>\$2,678.00 plus 8.25% of excess over \$40,000</u>

(d) The tax imposed by section 235-2.4 on estates and trusts shall be determined in accordance with the following table:

In the case of any taxable year beginning after December 31, [1988:] 1998:

<u>If the taxable income is:</u>	<u>The tax shall be:</u>
<u>[Not over \$1,500</u>	<u>2% of taxable income</u>
<u>Over \$1,500 but not over \$2,500</u>	<u>\$30.00 plus 4% of excess over \$1,500</u>
<u>Over \$2,500 but not over \$3,500</u>	<u>\$70.00 plus 6% of excess over \$2,500</u>
<u>Over \$3,500 but not over \$5,500</u>	<u>\$130.00 plus 7.25% of excess over \$3,500</u>
<u>Over \$5,500 but not over \$10,500</u>	<u>\$275.00 plus 8% of excess over \$5,500</u>
<u>Over \$10,500 but not over \$15,500</u>	<u>\$675.00 plus 8.75% of excess over \$10,500</u>
<u>Over \$15,500 but not over \$20,500</u>	<u>\$1,112.50 plus 9.5% of excess over \$15,500</u>
<u>Over \$20,500</u>	<u>\$1,587.50 plus 10% of excess over \$20,500]</u>
<u>Not over \$2,000</u>	<u>1.60% of taxable income</u>
<u>Over \$2,000 but not over \$4,000</u>	<u>\$32.00 plus 3.90% of excess over \$2,000</u>
<u>Over \$4,000 but not over \$8,000</u>	<u>\$110.00 plus 6.80% of excess over \$4,000</u>

<u>Over \$8,000 but not over \$12,000</u>	<u>\$382.00 plus 7.20% of excess over \$8,000</u>
<u>Over \$12,000 but not over \$16,000</u>	<u>\$670.00 plus 7.50% of excess over \$12,000</u>
<u>Over \$16,000 but not over \$20,000</u>	<u>\$970.00 plus 7.80% of excess over \$16,000</u>
<u>Over \$20,000 but not over \$30,000</u>	<u>\$1,282.00 plus 8.20% of excess over \$20,000</u>
<u>Over \$30,000 but not over \$40,000</u>	<u>\$2,102.00 plus 8.50% of excess over \$30,000</u>
<u>Over \$40,000</u>	<u>\$2,952.00 plus 8.75% of excess over \$40,000</u>

In the case of any taxable year beginning after December 31, 2000:

If the taxable income is:

<u>Not over \$2,000</u>
<u>Over \$2,000 but not over \$4,000</u>
<u>Over \$4,000 but not over \$8,000</u>
<u>Over \$8,000 but not over \$12,000</u>
<u>Over \$12,000 but not over \$16,000</u>
<u>Over \$16,000 but not over \$20,000</u>
<u>Over \$20,000 but not over \$30,000</u>
<u>Over \$30,000 but not over \$40,000</u>
<u>Over \$40,000</u>

The tax shall be:

<u>1.50% of taxable income</u>
<u>\$30.00 plus 3.70% of excess over \$2,000</u>
<u>\$104.00 plus 6.40% of excess over \$4,000</u>
<u>\$360.00 plus 6.90% of excess over \$8,000</u>
<u>\$636.00 plus 7.30% of excess over \$12,000</u>
<u>\$928.00 plus 7.60% of excess over \$16,000</u>
<u>\$1,232.00 plus 7.90% of excess over \$20,000</u>
<u>\$2,022.00 plus 8.20% of excess over \$30,000</u>
<u>\$2,842.00 plus 8.50% of excess over \$40,000</u>

In the case of any taxable year beginning after December 31, 2001:

If the taxable income is:

<u>Not over \$2,000</u>
<u>Over \$2,000 but not over \$4,000</u>
<u>Over \$4,000 but not over \$8,000</u>
<u>Over \$8,000 but not over \$12,000</u>
<u>Over \$12,000 but not over \$16,000</u>
<u>Over \$16,000 but not over \$20,000</u>
<u>Over \$20,000 but not over \$30,000</u>
<u>Over \$30,000 but</u>

The tax shall be:

<u>1.40% of taxable income</u>
<u>\$28.00 plus 3.20% of excess over \$2,000</u>
<u>\$92.00 plus 5.50% of excess over \$4,000</u>
<u>\$312.00 plus 6.40% of excess over \$8,000</u>
<u>\$568.00 plus 6.80% of excess over \$12,000</u>
<u>\$840.00 plus 7.20% of excess over \$16,000</u>
<u>\$1,128.00 plus 7.60% of excess over \$20,000</u>
<u>\$1,888.00 plus 7.90% of</u>

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not over \$40,000
Over \$40,000

excess over \$30,000
\$2,678.00 plus 8.25% of
excess over \$40,000

(e) Any taxpayer, other than a corporation, acting as a business entity in more than one state who is required by this chapter to file a return may elect to report and pay a tax of .5 per cent of its annual gross sales (1) where the taxpayer's only activities in this State consist of sales; and (2) who does not own or rent real estate or tangible personal property; and (3) whose annual gross sales in or into this State during the tax year is not in excess of \$100,000.

(f) If a taxpayer has a net capital gain for any taxable year to which this subsection applies, then the tax imposed by this section shall not exceed the sum of:

- (1) The tax computed at the rates and in the same manner as if this subsection had not been enacted on the greater of:
 - (A) The taxable income reduced by the amount of net capital gain, or
 - (B) The amount of taxable income taxed at a rate below 7.25 per cent, plus
- (2) A tax of 7.25 per cent of the amount of taxable income in excess of the amount determined under paragraph (1).

This subsection shall apply to individuals, estates, and trusts for taxable years beginning after December 31, 1986."

SECTION 3. Section 235-55.8, Hawaii Revised Statutes, is repealed.

SECTION 4. Chapter 420, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§420- Limitation of chapter. This chapter shall not be used to create a corporation after June 30, 1998; provided that those corporations incorporated under this chapter before July 1, 1998, which fulfill the purposes and requirements of this chapter, may continue to operate under this chapter."

SECTION 5. Chapter 420, Hawaii Revised Statutes, is repealed on December 31, 2001; provided that those corporations incorporated under chapter 420, Hawaii Revised Statutes, prior to July 1, 1998, shall only claim tax benefits under chapter 420, Hawaii Revised Statutes, and in particular section 420-16, Hawaii Revised Statutes, in the following manner:

- (1) For the taxable year beginning January 1, 1998, any exemption from taxation or credit under section 420-16, Hawaii Revised Statutes, shall be eighty per cent of the taxes due the State or the credit allowable. Any tax exemption or credit not used shall not be applied to future tax years;
- (2) For the taxable year beginning January 1, 1999, any exemption from taxation or credit under section 420-16, Hawaii Revised Statutes, shall be sixty per cent of the taxes due the State or the credit allowable. Any tax exemption or credit not used shall not be applied to future tax years;
- (3) For the taxable year beginning January 1, 2000, any exemption from taxation or credit under section 420-16, Hawaii Revised Statutes, shall be forty per cent of the taxes due the State or the credit allowable. Any tax exemption or credit not used shall not be applied to future tax years; and
- (4) For the taxable year beginning January 1, 2001, any exemption from taxation or credit under section 420-16, Hawaii Revised Statutes, shall be twenty per cent of the taxes due the State or the credit allowable.

Any tax exemption or credit not used shall not be applied to future tax years.

SECTION 6. Statutory material to be repealed is bracketed. New statutory material is underscored.¹

SECTION 7. This Act, upon its approval, shall apply to taxable years beginning after December 31, 1998; provided that if a taxpayer's taxable year includes the effective date of the tax rate changes (unless that date is the first day of the taxable year), then, (1) the tentative taxes shall be computed by applying the rate for the period before the effective date change, and the rate for the period on and after that date, to the taxable income for the entire year; and (2) the tax for the taxable year shall be the sum of that proportion of each tentative tax which the number of days in each period bears the number of days in the entire taxable year; provided that sections 4 and 5 shall take effect on June 30, 1998; provided further that section 5 shall apply to taxable years beginning after December 31, 1997.

(Approved July 10, 1998.)

Note

1. Edited pursuant to HRS §23G-16.5.